

ORIGINAL



0000096435

MEMORANDUM

RECEIVED

TO: Docket Control Center

FROM: Ernest G. Johnson  
Director  
*EJ* Utilities Division

2009 APR 30 P 4: 21

Arizona Corporation Commission

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL DOCKETED

APR 30 2009

DATE: April 30, 2009

DOCKETED BY	<i>[Signature]</i>
-------------	--------------------

RE: ARIZONA-AMERICAN WATER COMPANY METER READING  
INVESTIGATION COMPLIANCE FILING (DOCKET NO. WS-01303A-06-0491)

History

On February 15, 2007, Staff filed in the above-referenced docket its Arizona-American Water Company ("Company") Meter Reading and Billing Investigation Report ("Report"). In that Report was a recommendation that required the Company to automate the billing adjustment process. The reason for the recommendation was that the billing adjustment process was determined to be largely a manual process, and Staff believed there was a potential for higher levels of billing adjustments as the additional controls required in the Report were put in place. The Company objected to the recommendation because of the large number of rate schedules for each system, and the many reasons that a billing adjustment may be required.

The Company maintained that it would be very difficult, if not impossible to automate the process, and administration of the process would still require a large degree of human judgement. At the hearing, Staff's witness testified that due to the Company's concerns regarding the costs associated with this change, alternatively, the Company should provide a report of trends in the number of billing adjustments twelve months following the Decision so that the issue could be revisited if Staff believed it was necessary. In Decision No. 70209 dated March 20, 2008, the Arizona Corporation Commission ("Commission") decided to adopt Staff's alternate recommendation which resulted in the following ordering paragraph:

"IT IS FURTHER ORDERED that Arizona-American Water Company shall, within 365 days, file a report indicating trends in the number of billing adjustments for its Arizona districts from February 1, 2008, through February 28, 2009, which report contains sufficient detail for Staff to make a determination whether the issue of automating the billing adjustment process may be appropriate."

The Decision also ordered Staff to review the report and make a recommendation by April 30, 2009, regarding whether the Company should be required to automate its billing adjustment process.

On April 3, 2009, the Company made a compliance filing that included a "Summary Adjustment Report" to meet the requirement in the above-referenced ordering paragraph. The Report covered the period from February 1, 2008, to February 28, 2009.

Staff Recommendation

Staff has reviewed the trends in the number of billing adjustments made by the Company, and it does not appear that there has been a significant increase in the numbers from month to month to warrant automating the billing adjustment process. The month of January, 2009, had an overall higher number of adjustments made than the other months, and the Company was asked if there was something unusual about that particular month to cause the increase. The Company explained that the January number was higher due to a special proactive investigation done by the Company to specifically find and identify problems in order to reduce potential customer issues not associated with customer complaints or the other issues in the Meter Reading Investigation Report.

Staff also reviewed its complaint data, and out of 89 billing complaints for this period, only 15 or (17%) resulted in adjustments. Further, there were no complaints about the adjustment process itself.

Therefore, it is Staff's recommendation that the Company not be required to automate the bill adjustment process at this time.

EGJ:VW

Originator: Vicki Wallace

Original and 13 copies **filed**

On April 30, 2009, with:

Docket Control

Arizona Corporation Commission

1200 West Washington

Phoenix, Arizona 85007

Copies of the foregoing **e-mailed**

On April 30, 2009 to:

Brian K. Bozzo

Compliance and Enforcement Manager

Utilities Division

1200 West Washington

Phoenix, Arizona 85007